



## **PUBLIC DISCLOSURE**

**November 26, 2018**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Farmers Bank of Appomattox**

**Appomattox, Virginia**

**Federal Reserve Bank of Richmond  
Richmond, Virginia**

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

**PUBLIC DISCLOSURE**

November 26, 2018

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

The Farmers Bank of Appomattox

188720

223 Main Street

Appomattox, Virginia 24522

**Federal Reserve Bank of Richmond**

**P. O. Box 27622**

**Richmond, Virginia 23261**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

	Page
Institution Rating	
Institution's CRA Rating .....	1
Summary of Major Factors Supporting Rating .....	1
Institution	
Scope of Examination.....	1
Description of Institution.....	1
Conclusions With Respect to Performance Tests.....	3
Metropolitan Area (reviewed using full-scope review)	
Description of Operations in Lynchburg, VA Assessment Area.....	4
Conclusions with Respect to Performance Criteria.....	7
Metropolitan Area (reviewed without using full-scope review)	
Description of Operations in Buckingham County, VA Assessment Area.....	11
Conclusions with Respect to Performance Criteria.....	11
Nonmetropolitan Statewide Area (reviewed without using full-scope review)	
Description of Operations in Prince Edward, VA NonMSA Assessment Area.....	12
Conclusions with Respect to Performance Criteria.....	12
Appendices	
CRA Appendix A: Limited Review Tables.....	13
CRA Appendix B: Loan, Branch, and Deposit Volume by Assessment Area.....	16
CRA Appendix C: Glossary .....	17

## **INSTITUTION RATING**

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable in relation to the bank's capacity and demand for credit within its assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and consumer motor vehicle secured loans considered in the evaluation were originated within the bank's assessment areas.
- The bank's borrower distribution performance (lending to low- and moderate- income borrowers) is considered excellent overall.
- The bank's geographic distribution performance (lending in low- and moderate- income census tracts) is considered poor overall.
- The institution has not received any complaints regarding its CRA performance since the previous evaluation.

## **SCOPE OF EXAMINATION**

The Farmers Bank of Appomattox (FBOA) was evaluated using the interagency examination procedures for small banks developed by the Federal Financial Institutions Examination Council (FFIEC). FBOA is required to report certain information regarding its home mortgage lending in accordance with the HMDA. Accordingly, the bank's 2016 and 2017 HMDA loan originations and purchases were considered in the evaluation. Additionally, consumer motor vehicle secured lending was identified as a significant product line and was also considered in the evaluation. The analysis included a sample of 182 consumer motor vehicle secured loans from a universe of 1,796 such loans totaling \$24.6 million originated during calendar year 2017.

Based on the FFIEC's evaluation procedures, an overall rating for the Lending Test is assigned to the institution based on its performance within assessment areas evaluated using full-scope review procedures. At this evaluation, the bank's Lynchburg, VA assessment area was the only area subject to full-scope review; therefore, the conclusions for this assessment area determined the bank's overall level of performance. Given the bank's limited presence in its remaining two assessment areas, these areas were evaluated utilizing the FFIEC's limited review procedures. **APPENDIX B** includes information about the bank's lending, branches, and deposit volume by assessment area.

## **DESCRIPTION OF INSTITUTION**

FBOA is headquartered in Appomattox, Virginia, and operates five full-service branch offices in the southern portion of central Virginia. FBOA operates as an independent entity and does not have any affiliates or subsidiaries. The bank's previous CRA rating, dated September 22, 2014, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of September 30, 2018, FBOA reported assets totaling \$234.6 million, of which 65.1% were net loans. As of the same date, deposits totaled \$200.2 million. FBOA offers various traditional deposit and loan products, including residential mortgage, consumer, and business purpose loans. The composition of the loan portfolio using gross loans, as of September 30, 2018, is represented in the following table.

**Composition of Loan Portfolio**

Loan Type	9/30/2018	
	\$(000s)	%
Secured by 1-4 Family dwellings	70,895	46.0
Multifamily	239	0.2
Construction and Development	6,710	4.4
Commercial & Industrial/ NonFarm NonResidential	33,327	21.6
Consumer Loans and Credit Cards	40,189	26.1
Agricultural Loans/ Farmland	2,688	1.7
All Other	7	0.0
<b>Total</b>	<b>154,055</b>	<b>100.0</b>

As reflected in the preceding table, the bank is an active consumer lender, with loans secured by residential real estate and consumer loans representing the largest proportions of the loan portfolio. Consumer lending also accounts for the greatest number volume of recent transactions, driven by a significant number of motor vehicle secured loans originated through direct and indirect channels. Based on relative loan volumes, residential real estate and consumer motor vehicle secured loans were considered in the evaluation.

FBOA serves three contiguous assessment areas located in southern central Virginia. Two assessment areas are located in a metropolitan statistical area (MSA), while the third assessment area is located in a rural, nonmetropolitan area (NonMSA). The composition of each assessment area is detailed below.

Assessment Area Name	City/County	Census Tracts Included
Lynchburg, VA	Appomattox County	All
	Campbell County	All
Buckingham County, VA	Buckingham County	All
Prince Edward, VA NonMSA	Charlotte County	All
	Prince Edward County	All

Buckingham County was previously included in the bank's Prince Edward, VA NonMSA assessment area, but it became part of the Charlottesville, VA MSA during 2015. Therefore, the county was evaluated as a third, separate assessment area for this evaluation. FBOA has not opened or closed any branch offices since the previous evaluation.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

Reported residential mortgage loan data from calendar years 2016 and 2017 as well as a sample of consumer motor vehicle secured loans from calendar year 2017 were fully analyzed and considered in this evaluation. The assessment area analysis tables for HMDA lending only reflect bank and aggregate data from 2017. In instances where the bank's performance during 2016 varies significantly from its performance during 2017, such variance and the corresponding impact on the overall performance are discussed.

Area demographic and available market aggregate data are used as proxies for demand when evaluating the bank's performance. While American Community Survey (ACS) data is collected and published by the U.S. Census Bureau on an annual basis, the data relied upon in this evaluation is based on ACS data that is updated once every five years. The most recent update occurred in 2017; therefore, relevant area demographic data from both the 2010 and 2015 ACS was used as a proxy for demand when evaluating the bank's performance. Aggregate data used as a proxy for the bank's HMDA lending includes all activity reported by lenders subject to reporting HMDA data that originated HMDA loans within the bank's assessment areas.

When evaluating the borrower and geographic distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated. To arrive at an overall assessment area conclusion regarding the distribution of loans, performance in each loan category is then generally weighted by the dollar volume of such loans made in the assessment area. Similarly, when the performance of multiple assessment areas is considered to reach the institution's rating, the overall level of performance from each assessment area subject to full-scope review is weighted primarily according to loan dollar volume within each area during the review period. At this evaluation, only one assessment area was reviewed using full-scope procedures (Lynchburg, VA), and conclusions from this assessment area drive the institution's rating.

### **Loan-To-Deposit Ratio**

The bank's loan-to-deposit ratio equaled 76.3% as of September 30, 2018, and averaged 68.1% for the 17-quarter period ending September 30, 2018. By comparison, the quarterly average loan-to-deposit ratios for peer banks similar in asset size and operating in FBOA's assessment areas ranged from 61.9% to 100.9% for the same 17-quarter period. Since June 30, 2014, the bank's assets, net loans, and deposits have increased by 11.9%, 28.9%, and 10.9%, respectively. When considering relevant performance context factors such as the institution's size, financial condition, and local credit needs, the bank's loan-to-deposit ratio is considered reasonable.

### **Lending in Assessment Areas**

To determine the institution's volume of lending within its assessment areas, the geographic location of the bank's HMDA and consumer motor vehicle secured loans was considered. The lending distribution inside and outside of the bank's combined assessment areas is represented in the following table.

**Comparison of Credit Extended Inside and Outside of Assessment Area(s)**

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	63	72.4	7,273	58.6	24	27.6	5,145	41.4
Home Improvement	150	82.9	1,463	77.4	31	17.1	428	22.6
Refinancing	18	78.3	2,228	83.5	5	21.7	439	16.5
Multi-Family Housing	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total HMDA related</b>	<b>231</b>	<b>79.4</b>	<b>10,964</b>	<b>64.6</b>	<b>60</b>	<b>20.6</b>	<b>6,012</b>	<b>35.4</b>
Consumer Loans*	119	65.4	1,280	55.6	63	34.6	1,024	44.4
<b>TOTAL LOANS</b>	<b>350</b>	<b>74.0</b>	<b>12,244</b>	<b>63.5</b>	<b>123</b>	<b>26.0</b>	<b>7,036</b>	<b>36.5</b>

*\*The number and dollar amount of loans reflects a sample of such loans originated during the evaluation period and does not reflect loan data collected or reported by the institution.*

As reflected in the preceding table, a majority of the total number (74%) and dollar amount (63.5%) of HMDA and motor vehicle secured loans were originated within the bank's combined assessment areas during the review period. As previously discussed, two calendar years of HMDA data and a sample of one year of motor vehicle secured loan data were considered in the evaluation. After adjusting for this difference, the bank's lending activity within its assessment area remained at a majority.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN LYNCHBURG, VA ASSESSMENT AREA**

FBOA's Lynchburg, VA assessment area includes Appomattox and Campbell Counties, Virginia, which are part of the Lynchburg, VA MSA. While located within an MSA, portions of the assessment area are relatively rural areas in southern central Virginia. The bank operates three full-service branches within the assessment area, and as of June 30, 2018, ranked fourth out of 13 institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation (FDIC). The bank held 11.5% of deposits within the assessment area (excluding credit union deposits). Additionally, 2017 aggregate data indicated that FBOA ranked fourth out of 167 lenders in reported mortgage lending with a 4.7% market share.

According to the 2010 ACS data, the assessment area has a population of 69,815 and a median housing value of \$133,644. The owner-occupancy rate for the assessment area (68%) exceeds the rates for the entire MSA (64.3%) and the Commonwealth of Virginia (61.8%). The percentage of families living below the poverty level in the assessment area (8.8%) is higher than the percentage of such families in Commonwealth (7.2%), but lower than the entire MSA (9.6%). The 2016 HUD estimated median family income within the Lynchburg, VA MSA equals \$60,300. The following table provides pertinent demographic data for the assessment area based on 2010 ACS and 2016 Dun & Bradstreet data.

Assessment Area Demographics

Lynchburg, VA (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,736	19.3
Moderate	2	13.3	2,343	12.1	296	12.6	4,060	21.0
Middle	12	80.0	15,595	80.6	1,284	8.2	4,122	21.3
Upper	1	6.7	1,399	7.3	113	8.1	7,419	38.4
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>15</b>	<b>100.0</b>	<b>19,337</b>	<b>100.0</b>	<b>1,693</b>	<b>8.8</b>	<b>19,337</b>	<b>100.0</b>
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	6,812	24.3
Moderate	2,339	11.0	4,048	14.5	718	17.7	4,150	14.8
Middle	17,327	81.7	22,180	79.3	2,905	13.1	5,411	19.3
Upper	1,530	7.3	1,753	6.2	156	8.9	11,608	41.6
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>21,196</b>	<b>100.0</b>	<b>27,981</b>	<b>100.0</b>	<b>3,779</b>	<b>13.5</b>	<b>27,981</b>	<b>100.0</b>
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	448	18.9	401	18.4	45	26.3	2	8.0
Middle	1,841	77.6	1,697	78.0	121	70.8	23	92.0
Upper	84	3.5	79	3.6	5	2.9	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>2,373</b>	<b>100.0</b>	<b>2,177</b>	<b>100.0</b>	<b>171</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>91.7</b>		<b>7.2</b>		<b>1.1</b>

\*NA-Tracts without household or family income as applicable

As previously mentioned, ACS data was updated in 2017 resulting in demographic differences between 2016 and 2017. As such, the following information is based upon the updated survey data for the 2017 analysis.

According to the 2015 ACS data, the assessment area has a population of 70,220 and a median housing value of \$151,012. The owner-occupancy rate for the assessment area (66.5%) exceeds the rates for the entire MSA (61.6%) and the Commonwealth of Virginia (59.2%). However, the percentage of families living below the poverty level in the assessment area (11.4%) is higher than the percentage of such families in the MSA (11%) and the Commonwealth (8.2%). The median family income within the Lynchburg, VA MSA equaled \$62,300 during 2017. The following table provides pertinent demographic data for the assessment area based on 2015 ACS and 2017 Dun & Bradstreet data.



**Assessment Area Demographics**

Lynchburg, VA (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,204	21.1
Moderate	2	13.3	2,309	11.6	391	16.9	3,734	18.8
Middle	11	73.3	15,778	79.3	1,757	11.1	4,471	22.5
Upper	2	13.4	1,814	9.1	113	6.2	7,492	37.6
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>15</b>	<b>100.0</b>	<b>19,901</b>	<b>100.0</b>	<b>2,261</b>	<b>11.4</b>	<b>19,901</b>	<b>100.0</b>
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	6,485	23.4
Moderate	1,823	8.5	3,619	13.1	538	14.9	4,574	16.5
Middle	17,531	82.1	21,336	77.0	3,155	14.8	5,227	18.9
Upper	2,012	9.4	2,767	9.9	294	10.6	11,436	41.2
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>21,366</b>	<b>100.0</b>	<b>27,722</b>	<b>100.0</b>	<b>3,987</b>	<b>14.4</b>	<b>27,722</b>	<b>100.0</b>
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	417	19.3	371	18.9	44	25.4	2	7.7
Middle	1,474	68.3	1,337	68.3	115	66.5	22	84.6
Upper	266	12.4	250	12.8	14	8.1	2	7.7
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>2,157</b>	<b>100.0</b>	<b>1,958</b>	<b>100.0</b>	<b>173</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				90.8		8.0		1.2

\*NA-Tracts without household or family income as applicable

The local economy is driven primarily by a variety of manufacturing, retail trade, and construction industries. Major employers in the area include Babcock and Wilcox Nuclear, BGF Industries (industrial textile manufacturing), Walmart, and Abbott Laboratories (pharmaceuticals). Local government and area school systems also provide employment opportunities. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Geographic Area	Oct. 2014	Oct. 2015	Oct. 2016	Oct. 2017	Oct. 2018
Appomattox County	5%	4.2%	4.5%	4%	3.1%
Campbell County	4.9%	4.2%	4.3%	3.8%	3%
Lynchburg, VA MSA	5.2%	4.4%	4.5%	3.9%	3.1%
Commonwealth of Virginia	4.8%	4%	4.1%	3.4%	2.8%

As indicated in the table, unemployment rates within the assessment area have declined during the recent four-year period at a similar pace to the rates in both the Lynchburg, VA MSA and Commonwealth of Virginia. While the rates have declined at a similar pace, they remain slightly higher than the rates in the Commonwealth.

An individual knowledgeable of the local market area was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact indicated that area poverty rates remain elevated, and there is high demand for home repairs among elderly, low-income residents. Programs to prevent homelessness are also in high demand, as many residents are rent-burdened or facing eviction. The contact opined that in some instances larger financial institutions have provided greater assistance to delinquent borrowers facing foreclosure than have local community banks. There are opportunities for local banks to assist with homeownership and financial literacy education, as well as to provide charitable contributions for programs benefiting low- and moderate-income residents. Additionally, there may be opportunities for financial institutions to offer flexible, small dollar financing to residents with limited or weak credit history as an alternative to payday lending. While such opportunities exist, the contact opined that community banks are reasonably meeting the banking needs of the local community.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

During 2017, the bank originated approximately \$4.4 million in HMDA loans and \$8 million in consumer motor vehicle secured loans within this assessment area. Given the comparatively larger volume of motor vehicle lending within the assessment area, loan performance for this product is weighted more heavily when considering the bank's combined product performance.

### **Lending to Borrowers of Different Incomes**

The bank's borrower distribution performance in this assessment area is considered excellent.

#### **Distribution of HMDA Loans by Income Level of Borrower**

<b>Lynchburg, VA (2017)</b>								
<b>Income Categories</b>	<b>Bank</b>				<b>Aggregate</b>			
	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>% \$</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>% \$</b>
<b>HMDA Totals</b>								
Low	14	18.7	145	3.4	166	11.7	13,061	6.4
Moderate	21	28.0	999	23.5	381	26.8	43,811	21.5
Middle	24	32.0	1,813	42.7	391	27.5	56,625	27.7
Upper	16	21.3	1,286	30.4	484	34.0	90,614	44.4
<b>Total</b>	<b>75</b>	<b>100.0</b>	<b>4,243</b>	<b>100.0</b>	<b>1,422</b>	<b>100.0</b>	<b>204,111</b>	<b>100.0</b>
Unknown	4		196		257		53,544	

*Percentages (%) are calculated on all loans where incomes are known*

The bank's HMDA lending to low-income borrowers (18.7%) substantially exceeded the aggregate level of lending (11.7%) and was similar to the percentage of area low-income families (21.1%). The bank's lending to moderate-income borrowers (28%) also exceeded the aggregate level of lending (26.8%) and the percentage of such area families (18.8%). Overall, the bank's performance during 2017 is considered excellent, and its performance during 2016 is substantially similar.

**Distribution of Consumer Loans by Income Level of Borrower**

Lynchburg, VA (2017)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	20	28.2	167	22.3
Moderate	26	36.6	253	33.8
Middle	17	23.9	183	24.4
Upper	8	11.3	146	19.5
<b>Total</b>	<b>71</b>	<b>100.0</b>	<b>749</b>	<b>100.0</b>
Unknown	0		0	

*Percentage's (%) are calculated on all loans where incomes are known*

The bank's level of motor vehicle secured consumer lending to low-income borrowers (28.2%) substantially exceeded the percentage of low-income households (23.4%) in the assessment area. Similarly, the bank's lending to moderate-income borrowers (36.6%) also substantially exceeded the percentage of such households (16.5%). The bank's consumer loan performance is considered excellent.

**Geographic Distribution of Loans**

Within the assessment area, there are no low-income census tracts and only two moderate-income census tracts located in northwest and southwest Campbell County. FBOA operates one branch in northeastern Campbell County that is located approximately 15 and 25 miles from the two moderate-income tracts. While there are no geographical barriers that separate the bank's branch from the moderate-income census tracts, the distance is significant.

Analysis of the bank's residential mortgage and consumer motor vehicle lending during the review period identified that the bank has originated some loans in the western portion of the county in or adjacent to the moderate-income census tracts, primarily motor vehicle secured loans. The demographic and aggregate data also suggest that there is a reasonable level of demand for credit in the moderate-income census tracts. While there does appear to be opportunities to serve these portions of Campbell County, the physical distance from branch offices was considered as an aspect of performance context when evaluating the geographic distribution of lending.

Given the bank's limited lending in the moderate-income census tracts, geographic distribution performance is considered very poor for HMDA lending and poor for consumer motor vehicle secured lending. When considering the greater weight given to motor vehicle lending and after considering contextual performance elements, the bank's geographic distribution performance is considered poor overall.

**Distribution of HMDA Loans by Income Level of Census Tract**

<b>Lynchburg, VA (2017)</b>								
<b>Income Categories</b>	<b>Bank</b>				<b>Aggregate</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>% \$</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>% \$</b>
	<b>(23)</b>		<b>Home Purchase</b>		<b>(976)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	98	10.2	13,922	9.2
Middle	23	100.0	3,126	100.0	753	78.7	119,506	79.2
Upper	0	0.0	0	0.0	106	11.1	17,471	11.6
	<b>(7)</b>		<b>Refinance</b>		<b>(559)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	56	10.0	6,290	7.6
Middle	7	100.0	662	100.0	436	78.0	66,782	80.5
Upper	0	0.0	0	0.0	67	12.0	9,878	11.9
	<b>(49)</b>		<b>Home Improvement</b>		<b>(94)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	7	7.4	240	4.8
Middle	49	100.0	651	100.0	76	80.9	4,073	81.5
Upper	0	0.0	0	0.0	11	11.7	683	13.7
	<b>(0)</b>		<b>Multi-Family</b>		<b>(2)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	2	100.0	14,925	100.0
Middle	0	0.0	0	0.0	0	0.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
	<b>HMDA Totals</b>							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	163	10.1	35,377	13.9
Middle	79	100.0	4,439	100.0	1,265	78.5	190,361	75.0
Upper	0	0.0	0	0.0	184	11.4	28,032	11.1
NA*	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>79</b>	<b>100.0</b>	<b>4,439</b>	<b>100.0</b>	<b>1,612</b>	<b>100.0</b>	<b>253,770</b>	<b>100.0</b>

NA\*-Tracts without household or family income as applicable

During 2017, home improvement loans were the leading HMDA product for the bank by number, while aggregate reporters extended primarily home purchase and refinance loans within the assessment area. As reflected in the table above, none of the bank's HMDA loan originations were located within the assessment area's two moderate-income census tracts. According to demographic data, 8.5% of the area's owner-occupied housing units are located in the moderate-income census tracts, and 10.1% of the aggregate reporters' HMDA loans were extended to residents within these tracts. The demographic and aggregate data both indicate there is demand for credit from residents in the moderate-income census tracts. The bank's performance during 2017 is considered very poor.

In 2016, the bank originated 71 HMDA loans totaling \$3.5 million within the assessment area, of which one loan (1.4%) totaling \$90,000 (2.5%) was located within one of the two moderate-income census tracts. Similar to 2017, the bank's level of HMDA lending lagged the percentage of owner-occupied housing units (11%) and the aggregate level of lending (11.4%) in such tracts. However, the bank's performance after accounting for aspects of performance context is considered poor.

Overall, the bank's HMDA geographic distribution performance is considered very poor and reflects greater weight afforded to 2017 HMDA lending due to the larger volume of loans.

**Distribution of Consumer Loans by Income Level of Census Tract**

Lynchburg, VA (2017)				
Income Categories	Consumer Loans			
	#	%	\$ (000s)	% \$
Low	NA	NA	NA	NA
Moderate	1	1.4	15	1.9
Middle	69	97.2	723	96.5
Upper	1	1.4	12	1.6
NA*	NA	NA	NA	NA
<b>Total</b>	<b>71</b>	<b>100.0</b>	<b>749</b>	<b>100.0</b>

\*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

Originations and Purchases

FBOA originated one (1.4%) consumer motor vehicle secured loan within one of the assessment area's moderate-income census tracts during 2017, which significantly lagged the percentage of area households located in such tracts (13.1%). The bank's lending also lagged the percentage of households after excluding those below poverty in the moderate-income census tracts (11.1%). After accounting for aspects of performance context, the bank's performance is considered poor.

**ASSESSMENT AREA DELINEATIONS**

A review of the bank's assessment areas found that its delineations complied with the requirements of Regulation BB. Assessment area delineations included all of the bank's branches and deposit taking automated teller machines. While two of the bank's assessment area delineations include less than an entire MSA, the delineated areas contained whole geographies, did not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and did not arbitrarily exclude low- or moderate-income census tracts.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

### **METROPOLITAN AREA**

*(For each metropolitan area where no assessment areas were reviewed using full-scope review)*

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN METROPOLITAN AREA**

Certain assessment areas, which are noted in the table below, were reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas, including selected demographic data, is included in **APPENDIX A** of this report.

#### **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in **APPENDIX A** of this evaluation. A conclusion regarding performance, which did not impact the institution's overall rating, is included in the following table. For each test, the conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's overall rating.

<b>Assessment Area</b>	<b>Lending Test</b>
Buckingham County, VA	Exceeds

**NONMETROPOLITAN STATEWIDE AREA**

*(If none of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)*

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NONMETROPOLITAN STATEWIDE AREA**

Certain assessment areas, which are noted in the table below, were reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas, including selected demographic data, is included in **APPENDIX A** of this report.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN STATEWIDE NONMETROPOLITAN ASSESSMENT AREA**

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in **APPENDIX A** of this evaluation. A conclusion regarding performance, which did not impact the institution's overall rating, is included in the following table. The conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's overall rating.

Assessment Area	Lending Test
Prince Edward, VA NonMSA	Consistent

CRA APPENDIX A

LIMITED REVIEW TABLES

**Buckingham County, VA Assessment Area**

This assessment area includes Buckingham County, Virginia in its entirety, which is part of the larger Charlottesville, VA MSA. FBOA operates one branch within the assessment area accounting for approximately 19.2% of its total deposit volume. In 2016, the assessment area included one low- and three moderate-income census tracts, and in 2017 there were only four moderate-income census tracts.

**Performance Test Data for Buckingham County, VA**

**Limited Review Lending Table**

Buckingham County, VA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
Home Purchase					Home Improvement			
Geographic	(7)				(21)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	7	100.0	100.0	100.0	21	100.0	100.0	100.0
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
Refinance					Multi-Family			
Geographic	(2)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	100.0	100.0	100.0	0	0.0	0.0	100.0
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
HMDA Totals					Consumer			
Geographic	(30)				(23)			
Low	NA	NA	NA	NA	NA	NA	NA	0.0
Moderate	30	100.0	100.0	100.0	23	100.0	NA	100.0
Middle	NA	NA	NA	NA	NA	NA	NA	0.0
Upper	NA	NA	NA	NA	NA	NA	NA	0.0
Borrower	(28)				(23)			
Low	12	42.9	23.9	36.4	7	30.4	NA	35.9
Moderate	12	42.9	36.5	21.6	10	43.5	NA	20.3
Middle	1	3.6	23.5	23.7	4	17.4	NA	18.7
Upper	3	10.6	16.1	18.3	2	8.7	NA	25.1

Geographic ( ) represents the total number of bank loans for the specific Loan Purpose where geography is known

Borrower ( ) represents the total number of bank loans for the specific Loan Purpose where income is known

NA represents no activity in the income category

During 2017, the bank's HMDA and motor vehicle secured borrower distribution performance is considered excellent. During 2016, the bank originated 24 HMDA loans totaling \$684,000 within the assessment area. The bank's lending to low-income borrowers (30.4%) substantially exceeded the aggregate level of lending (21.9%), although it lagged the percentage of area low-income families (40.4%). The bank's lending to moderate-income borrowers (34.8%) slightly lagged the aggregate level of lending (37.2%), but exceeded the percentage of moderate-income families (25.7%). The bank's HMDA borrower distribution performance for 2016 is considered reasonable; however, the bank's performance during 2017 receives greater weight given the comparatively greater dollar volume of lending (\$1.2 million). The bank's overall HMDA borrower distribution performance is excellent.



Since all census tracts within the assessment area were moderate-income in 2017, there was no geographic distribution performance during that year. HMDA geographic performance during 2016 is considered reasonable. With greater weight accorded to borrower distribution performance in this assessment area, the bank's overall lending performance in this assessment area exceeds the institution's rating.

**Prince Edward, VA NonMSA Assessment Area**

The bank operates one branch in this assessment area, which includes Charlotte and Prince Edward Counties, Virginia in their entirety. In 2016, the assessment area included one low-, one moderate-, and six middle-income census tracts, while in 2017 there were no low-, one moderate-, six middle-, and one unknown-income census tracts. The one-low income tract during 2016 consisted of Longwood University in Prince Edward County, which was re-classified as unknown-income during 2017. In addition, the one moderate- and six middle-income census tracts were all designated as underserved or distressed during the review period.

**Performance Test Data for Prince Edward, VA NonMSA**

**Limited Review Lending Table**

<b>Prince Edward, VA NonMSA (2017)</b>								
<b>Income Categories</b>	<b>Bank</b>		<b>Aggregate</b>	<b>Demographic</b>	<b>Bank</b>		<b>Aggregate</b>	<b>Demographic</b>
	<b>#</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Geographic</b>	<b>Home Purchase</b>				<b>Home Improvement</b>			
	<b>(1)</b>				<b>(12)</b>			
	Low	NA	NA	NA	NA	NA	NA	NA
	Moderate	0	0.0	8.1	0	0.0	6.6	11.6
	Middle	1	100.0	91.9	12	100.0	93.4	88.4
<b>Geographic</b>	<b>Refinance</b>				<b>Multi-Family</b>			
	<b>(0)</b>				<b>(0)</b>			
	Low	NA	NA	NA	NA	NA	NA	NA
	Moderate	0	0.0	5.0	0	0.0	0.0	11.6
	Middle	0	0.0	95.0	0	0.0	0.0	88.4
<b>Geographic</b>	<b>HMDA Totals</b>				<b>Consumer</b>			
	<b>(13)</b>				<b>(25)</b>			
	Low	NA	NA	NA	NA	NA	NA	0.0
	Moderate	0	0.0	6.9	2	8.0	NA	9.8
	Middle	13	100.0	93.1	23	92.0	NA	90.2
<b>Borrower</b>	<b>(13)</b>				<b>(25)</b>			
	Low	4	30.8	7.4	6	24.0	NA	26.3
	Moderate	4	30.8	16.9	4	16.0	NA	16.9
	Middle	1	7.7	24.8	6	24.0	NA	17.9
	Upper	4	30.7	50.9	9	36.0	NA	38.9

*Geographic ( ) represents the total number of bank loans for the specific Loan Purpose where geography is known*

*Borrower ( ) represents the total number of bank loans for the specific Loan Purpose where income is known*

*NA represents no activity in the income category*

During 2017, the bank originated approximately \$125,000 in HMDA loans and \$2.9 million in consumer motor vehicle secured loans within this assessment area. Given the comparatively larger volume of motor vehicle lending, performance for this product is weighted more heavily when considering the bank's combined product performance.

The bank's HMDA borrower distribution performance is considered excellent during both years reviewed, while HMDA geographic distribution performance is considered poor during 2016 and very poor during 2017. Based on the dollar volume of HMDA lending each year, geographic distribution performance is considered poor overall. The bank's borrower and geographic distribution performance is considered reasonable for motor vehicle secured lending, which drives the overall performance conclusions for this assessment area. Overall, lending performance is reasonable and consistent with the institution's rating.

**CRA APPENDIX B**

**LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA**

The following table includes the bank's loan, branch, and deposit account volume by assessment area. The loan volume includes all HMDA and sampled consumer motor vehicle secured loans considered in the evaluation, while the deposit data is current as of June 30, 2018.

Assessment area	Loan Volume				Branches		Deposit Volume	
	#	%	\$(000s)	%	#	%	\$(000s)	%
Lynchburg, VA	221	63.1%	\$8,720	71.2%	3	60%	\$143,831	70.5%
Buckingham County, VA	77	22%	\$2,180	17.8%	1	20%	\$39,263	19.2%
Prince Edward, VA NonMSA	52	14.9%	\$1,344	11%	1	20%	\$21,015	10.3%
Total	350	100%	\$12,244	100%	5	100%	\$204,109	100%

## CRA APPENDIX C

### GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development.  
Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - (A) Rates of poverty, unemployment, and population loss; or
  - (B) Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full-scope review:** Performance under the Lending Test (and if applicable, consideration of investments and services) is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance under the Lending Test (and if applicable, consideration of investments and services) is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.